
Fixed non-compliance penalties imposed on TP documentation

16 May 2018

In brief

The SA Revenue Service (“SARS”) has indicated that the failure by a SA-resident Tier 1 company to submit a Country-by-Country report (“CbCR”), Master file (“MF”) or Local file (“LF”) return within 12 months from the final day of the group’s “Ultimate Parent Entity’s” financial year end will be an instance of non-compliance that will, in terms of sections 210(1) and 211 of the SA Tax Administration Act (“the TAA”), attract a financial penalty of up to R16,000 per month. SA’s CbC regime applies to financial years of multinational groups commencing on or after 1 January 2016. This means that the first CbCR, MF and LF returns are due to be submitted throughout the course of 2018.

In detail

On 11 May 2018, SARS published a Public Notice imposing financial penalties for the non-submission of a Country-by-Country Report (“CbCR”) as well as Master file (“MF”) and Local file (“LF”) returns.

In terms of section 210 of the TAA, such non-submission will be regarded as an instance of non-compliance that is subject to a fixed amount penalty in accordance with section 211 of the TAA.

Depending on the taxable income of the entity in question (as well as various other circumstances), the administrative non-compliance penalty will range from R 250 per month to R 16,000 per month.

Importantly, these penalties do not appear to apply to the non-submission of CbC

notifications by SA-resident entities. Furthermore, the penalties are only applicable to Tier 1 companies and not to Tier 2 companies.

Our [Tax Alert](#) issued on 17 October 2017 contains further details as to the entities that are required to submit the specified returns (as published in *Government Gazette* No.41186 of 20 October 2017).

Takeaway

Tier 1 SA-resident companies that are required to submit CbCR, MF and LF returns must ensure that they do so before the filing deadline of 12 months after the last day of their group’s financial year.

Tax Alert

National Tax Technical

Let's talk

For a deeper discussion of how this might affect your business, please contact:

David Lerner

Cape Town

(021) 529 2364

david.lerner@pwc.com

JP Borman

Johannesburg

(011) 797-5291

jan-paul.borman@pwc.com

(Prof) Osman Mollagee

Johannesburg

(011) 797 4153

osman.mollagee@pwc.com

Alan Seccombe

Johannesburg

(011) 797 4110

alan.seccombe@pwc.com

Michael Butler

Cape Town

(021) 529 2393

stefan.botha@pwc.com

Corneli Espost

Cape Town

(011) 529 2171

stefan.botha@pwc.com

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